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Small Business Services Group

TRONCONI SEGARRA  
& ASSOCIATES<sup>LLP</sup>

Certified Public Accountants  
Business Consultants

SOLUTIONS BEYOND THE OBVIOUS

*“The politicians say  
‘we’ can’t afford a tax  
cut. Maybe we can’t  
afford the politicians.”*

*Steve Forbes, Editor-in-Chief of  
Forbes Magazine and Politician,  
1947 -*

**SMALL BUSINESS MANAGEMENT TEAM**

- Michael B. Dolan, CPA, Partner
- Carol G. Salvatore, CPA, Partner
- Diane M. Straka, CPA, Partner
- Scott A. Cain, CPA, Partner
- Anthony J. Bonaventura, Jr., CPA, Partner
- Richard J. Gilmartin, CPA, Principal
- Melissa S. Howell, CPA, Principal
- Lisa A. Mrkall, CPA, MBA, Principal
- Mary L. Shetler, CPA, CFE, Principal
- Joseph M. Becht, CPA, CGMA, Senior Mgr.
- Karen K. Belzile, CPA, MBA, Senior Manager
- Melissa Wasieczko, CPA, Senior Manager
- June Callari, CPA, MBA, Manager
- Michele A. Loretto, CPA, Manager
- Michael P. Zeoli, Jr., CPA, Manager

## Switch to a Fixed-Rate Loan – or Not?

*By Richard J. Gilmartin, CPA, Principal*

The Federal Reserve aggressively raised its key federal funds rate seven times in 2022 in an effort to slow down the economy and moderate price growth. However, these actions also had the effect of more than doubling the prime rate, an interest rate set by banks and other lending institutions that lend money to businesses and individuals. That means businesses and individuals are paying higher interest rates for borrowed money, possibly for both existing adjustable-rate loans as well as newly originated fixed-rate loans.

If you have a variable rate loan and you’ve been watching your interest increase throughout 2022, you may be wondering if it would be best to try to cap that interest rate and ask your bank/lending institution to turn that variable-rate loan into a fixed-rate loan. This is an especially interesting question knowing that the Federal Reserve has signaled that they will continue to raise interest rates in

2023 at likely a more moderate quarter-point-per-increase pace (as evidenced by the Feb. 1<sup>st</sup> quarter-point increase), in an effort to continue to slow down the economy, as some signs indicate the economy has started to slow down. Some forecasters expect that interest rates in the second half of 2023 will begin to decline – meaning the economy is doing what the Federal Reserve wants it to do, which is slow down.

So, if you haven’t already switched your variable-rate loan to a fixed-rate loan, you may be late to the game. If interest rates do decline, would you want to be locked in to a fixed-rate loan that may eventually have you paying more interest compared to enduring a little more pain this year yet reaping lower-interest-rate rewards should interest rates decline later this year?

Please contact your Tronconi Segarra & Associates advisor if you have questions or would like assistance evaluating your unique situation.

## ACCOUNTS PAYABLE BEST PRACTICES

By Kelly C. Skelton, General Ledger Specialist

Organizing and keeping up with paperwork related to your business can be a time consuming and daunting task. QuickBooks Online (QBO) can help organize your documents, simplify your document filing and provide access to your documentation anytime, anywhere. The attachment feature in QBO is a fast, streamlined process resulting in a paperless-office and making your filing cabinet obsolete. Below are a few best practices for managing your Accounts Payable in QBO:

- For new vendors, it is important to request complete information before paying them for their services. Always have new vendors provide you with a completed Form W-9. This will provide all of the information needed to determine if a year-end Form 1099 is required to be issued to them.
- Once a Form W-9 is received, enter all the pertinent information directly into QBO. You can then attach a copy of the Form W-9 in QBO to the vendor and check the box to track payments.
- QBO also allows you to attach copies of invoices received from your vendors. Typically, your accountant may request copies of invoices during their annual review process. By attaching the invoice directly in QuickBooks, the information will be readily available when you need it the most, quickly and easily.

Taking control and organizing your documents has never been easier.

## New This Year - SafeSend Suite

By Lisa A. Mrkall, CPA, MBA, Principal

In the interest of providing our clients with a convenient, safe and efficient experience during the tax preparation and document delivery process, we have implemented SafeSend Suite. SafeSend Suite is a high-end online experience including electronic tax organizers, e-signatures, document and tax return delivery. As more and more of our client's work-from-home and require remote services, we identified SafeSend Suite as a valuable new tool that we are very excited to launch this year.

At the core of the suite is SafeSend Returns. This solution will effortlessly automate the assembly, delivery and e-signing of your tax returns. The benefits to this solution are many and include an intuitive client interface that walks you through the process step-by-step. While the look and feel of your tax return will be very similar, you will also notice a comprehensive dashboard that will display a summary of your federal and state returns, balances due, overpayments, and the subsequent year's estimated payments, if applicable. You will have the ability to review your tax documents and electronically sign the e-file authorization forms. Should you have balances due with your tax returns, SafeSend Returns

provides safe and convenient options for paying your balances online to the IRS and state tax authorities or downloading payment vouchers to send in with a check.

Estimated tax payments for 2023 are also available to be made through SafeSend Returns beginning with your April 2023 payment. Again, you may choose to be directed to the IRS and state tax department payment websites or download the payment vouchers to be printed and mailed. Email reminders to our clients are also in place to notify you of any upcoming payment dates.

Should you require access to copies of your tax returns in the future, you will have the opportunity to login to SafeSend Returns (within our firm's document retention period) to download copies of several years of tax returns. Many of our clients request electronic copies of tax returns during a refinancing or lending project so this is a safe and efficient method of obtaining these copies at your convenience.

As a valued client of Tronconi Segarra and Associates, we are here to assist you through the new features of SafeSend Suite to ensure that you have the best experience possible.

## Use SafeSend to Send Us Your Personally Identifiable Information (PII)

It can be tempting to send sensitive information via email, especially when you are time-stressed and multi-tasking (who isn't these days?). However, did you know that regular email is not as cyber-secure as you may think? That's why we recommend our clients use our "SafeSend" secure, encrypted email system when sending us any information that is considered sensitive PII, including but not limited to:

- Social Security numbers
- Driver's license number
- Taxpayer identification number
- Bank account numbers
- Investment account numbers
- Credit card numbers
- Healthcare information
- Your personal address

Your Tronconi Segarra & Associates advisor has a unique SafeSend link they can provide to you to transmit your PII securely and directly to them. Most of our advisors include their SafeSend link in their email signature as well for easy access.

For more information or to obtain a SafeSend link, contact your Tronconi Segarra & Associates advisor.

## Severe Winter Storm Relief for Businesses and Individuals in New York State

By Joseph M. Becht, CPA, CGMA, Senior Manager

Victims of the New York severe winter storm beginning December 23, 2022, were granted tax relief by the IRS for those areas declared disasters by the Federal Emergency Management Agency (FEMA). The declaration allows the IRS to delay certain tax-filing and tax-payment deadlines for those taxpayers who reside or have a business in the designated disaster areas including Erie and Genesee counties.

Certain deadlines falling on or after December 23, 2022, and before April 18, 2023, will be granted additional time to file by the IRS, including: individual returns, corporate returns, partnership returns, employment tax filings, 5500 retirement plan filings, trust and estate returns, gift and generation skipping transfer tax returns, tax-exempt organization returns and certain excise tax returns.

The April 18, 2023 deadline also applies to quarterly estimated tax payments, normally due on January 17, 2023 and to quarterly payroll and excise tax returns normally due on January 31, 2023. Penalties on payroll and excise tax deposits due on or after December 23, 2022, and before January 9, 2023, will be abated

if the tax deposits were made by January 9, 2023.

If an affected taxpayer receives a late filing or late payment penalty notice from the IRS that has an original or extended filing, payment or deposit due date that falls within the postponement period, the taxpayer should call the telephone number on the notice to have the IRS abate the penalty. Generally, the IRS automatically identifies taxpayers located in the covered disaster area and applies filing and payment relief. However, affected taxpayers who reside or have a business located outside the covered disaster area should call the IRS disaster hotline at 1-866-562-5227 to request this tax relief.

Affected taxpayers in a federally declared disaster area also have the option of claiming disaster-related casualty losses that are not covered by insurance or other reimbursements on their federal income tax return for either the year in which the event occurred or the prior year. Consult with your Tronconi Segarra & Associates tax advisor for more information.

## Your Advisors Are Being Promoted!

We are pleased to announce the following promotions of your Tronconi Segarra & Associates advisors:

- Alec Marotto, CPA/ABV to Partner
- David Lever, CPA, to Partner
- Rick Wiktorowski, CPA, to Partner
- Stephan Cwynar, CPA, to Principal
- Trisha Lembke, CPA, to Principal
- Anthony Fabozzi, CPA, MBA to Senior Manager
- Lexi Weber, CPA, to Manager

The following associates were promoted to Supervising Senior Accountant:

- Courtney Scanlan
- Andrew Bergé
- Mike Jones, CPA
- Jeff Rinus
- Natalie Manzella, CPA
- Annalisa Horton
- Kyle Rydzynski, CPA

The following associates were promoted to Senior Accountant:

- Viviana Lisboa, CPA
- Karly Miller, CPA
- Karl Bader, CPA
- Zachary Kaplan

## DEFERRAL OF THE FORM 1099-K REQUIREMENT

By Viviana M. Lisboa, CPA, Senior Accountant

What is a Form 1099-K? This is an IRS tax form that summarizes transactions made by third-party settlement organizations. These companies are typically payment processors such as credit card companies, PayPal, Venmo, or Square. You may receive a Form 1099-K if your business processes a significant amount of credit card sales or accepts payments through a payment processor App.

The threshold for having to file a Form 1099-K was set to drop from \$20,000 or 200 transactions to \$600 for 2022 filings. However, due to the compliance burden, as well as the confusion caused by lack of clear guidance, the IRS has decided to delay the \$600 filing threshold by one year until January 31, 2024, the due date of the 2023 Form 1099 filings.

Reminder: This new filing threshold has no impact on the taxability of income, as you are required to report all business income regardless of Form 1099's received. The impact of this new threshold is solely an added compliance burden for most businesses.

Tip: When using Apps such as Venmo, PayPal, and Cash App, set up a personal account as well as a business account, as this will help distinguish what business transactions should be reported on a Form 1099-K.

## FOR YOUR CONVENIENCE

Williamsville office clients may leave their tax information in the lobby of our office in the locked drop box. Extended access to our lobby is available until 6 p.m. weeknights and weekend mornings.

## How to Obtain Your 2022 Form SSA-1099

By Michele Loretto, CPA, Manager

To assist in gathering your 2022 tax documents, here is a reminder of where to obtain a copy of your information return related to your Social Security Benefits. If you are a nonresident alien and you received or repaid Social Security Benefits, you will receive Form SSA-1042S. All others receiving Social Security Benefits will receive Form SSA-1099. These forms should be mailed by the government by January 31<sup>st</sup> of each year following the year of benefit.

Beginning February 1<sup>st</sup>, those that live in the U.S., have a few options to request a replacement copy:

- Using your personal “my Social Security” account ( [my Social Security | SSA](#) ), go to Sign In or Create an Account. Once you are logged in to your account, select the

“Replace Your Tax Form SSA-1099/SSA-1042S” link.

- Calling the Social Security Administration at 1-800-772-1213 - Monday through Friday, 8:00 am – 7:00 pm.
- Contacting your local Social Security office.

If you live outside of the United States and you need a replacement form SSA-1099 or SSA-1042S, please contact your nearest Federal Benefits Unit.

You can request to receive the replacement information online or on paper based on your preference. Online access also enables you to review your latest statements, change your address, set up or change your direct deposit, print proof of benefits, or request replacement cards.

## NYS Enhanced STAR Exemption

By Melissa S. Howell, CPA, Principal

You may have recently received a notification letter, Form RP-425-MBE from the New York Department of Taxation and Finance indicating that you are receiving the Basic STAR, but that you may now be eligible for the Enhanced STAR exemption, which provides a larger benefit to seniors.

To be eligible for the Enhanced STAR exemption, **you must meet all of the following conditions:**

- Own your home, and it is your primary residence;
- Are 65 or older by December 31 of the exemption year (if jointly owned property, only one spouse must meet this requirement); and
- Income must be \$92,000 or less (combined income if jointly owned).

Income means federal adjusted gross income minus the taxable amount of total distributions from individual retirement accounts. To determine

income eligibility, refer to your federal or state income tax return from the 2021 tax year.

To apply for the Enhanced STAR exemption, the following two NYS forms must be completed and submitted to your assessor’s office:

- 1) [Form RP-425-E, Application for Enhanced STAR Exemption for 2023-2024 School Year](#)
- 2) [Form RP-425-IVP, Supplement to Form RP-425-E](#)

The application deadline is March 1, 2023, in most areas. If eligible, you must apply directly with your assessor’s office. Once approved, you will receive the Enhanced STAR on your next school tax bill. In subsequent years, New York State will verify your income eligibility annually and will notify the assessor directly.

### IN THE SPOTLIGHT – COURTNEY SCANLAN

Courtney Scanlan proves the old adage – if you want something done, ask a busy person! Between her role as a Supervising Senior



Accountant in our Small Business Department, her new responsibilities helping the Firm onboard new associates, and her activities outside work, Courtney certainly fits the description of a busy person.

Courtney became a Tronconi Segarra & Associates employee when her previous firm, Feeley, Bonaventura & Hyzy, CPAs, merged with us in late 2021. She developed an interest in becoming an accountant when she was young, helping her mom keep the books for her dad’s business by organizing the receipts and tagging along on trips to the bank to do weekly deposits. When it came time each year for her parents to get their taxes done, Courtney went along and thought accounting was fun and interesting. Fast forward to today, and Courtney is a true asset in our Small Business Department because she really enjoys what she is doing, including serving clients and providing advisory services in addition to a variety of other responsibilities.

Keeping Courtney busy outside of the office is her Varsity Head Coaching job for the boys volleyball team at Cheektowaga Central High School. She just finished her 4<sup>th</sup> season as their coach. Next, she is on her way to Dallas, Texas with a different volleyball team in May 2023 to play in Adult Nationals. Back at home, Courtney can be found hiking with her fiancé, Karl, and their two dogs. Wedding bells will be ringing soon for Courtney and Karl; they are planning to tie the knot in June 2024 in Little Valley, NY at the new Ellicottville Brewing Company.

## The SECURE Act 2.0 – Important Highlights to Know

By Michael P. Zeoli, Jr., CPA, Manager

The Consolidated Appropriations Act, 2023, which includes the SECURE Act, 2.0 was signed into law on December 29, 2022. The SECURE Act 2.0 is designed to build upon the provisions of the original SECURE Act to expand participation and boost retirement savings. In part, the SECURE Act 2.0 does this by helping to ensure that small employers can easily and efficiently sponsor plans for employees by enhancing various credits to make saving for retirement beneficial to both plan participants and plan sponsors.

### Automatic Enrollment

One of the most broadly applicable provisions requires that effective for plan years beginning after 2024, 401(k) and 403(b) sponsors automatically enroll employees in plans once they become eligible to participate. Under the requirement, the amount at which employees are automatically enrolled cannot be any less than 3 percent and no more than 10 percent of salary. The amount of employee contributions is increased by 1 percent every year after automatic enrollment, increasing to at least 10 percent, but not more than 15 percent of salary. Employees can opt-out of the automatic enrollment if they choose or make contributions at a different percentage.

### Small Employers

Under the original SECURE Act, a small employer that establishes an eligible plan can claim a credit calculated as a percentage of start-up

costs for the first three years. Under SECURE Act 2.0, effective for tax years beginning after 2022, the length of time for which the credit can be claimed is extended to five years for employers with 50 or fewer employees and the amount of the credit is increased with a cap of \$1,000 per employee. The 100 percent credit amount is phased-out for employers with 51 to 100 employees and drops incrementally to 25 percent in the fifth year.

In addition, the SECURE Act 2.0 retroactively makes the start-up credit available to small employers that join a multiple employer plan (MEP) that is already in existence. Without this fix, the small employer would not be eligible for the credit if the MEP had been in existence for three years. The fix is effective for tax years beginning after 2019.

### Catch-Up Limitations

For retirement plan participants aged 50 or older, the contribution limitation increased and is now subject to annual inflation adjustments. For 2023, the amount of the catch-up contribution is \$7,500 for most retirement plans and \$3,500 for SIMPLE plans. Under the SECURE Act 2.0, a second increase in the contribution amount is available for participants aged 60, 61, 62, and 63, effective for tax years after 2024. For most plans, this “second” catch-up limitation is the greater of \$10,000 (\$5,000 for SIMPLE plans) or 150 percent of the catch-up contribution for participants not aged 60 through 63.

Under current law, catch-up contributions to a qualified retirement plan can be made on a pre-tax or Roth basis (if permitted by the plan sponsor). For tax years beginning after December 31, 2023, the SECURE Act 2.0 provides that all catch-up contributions to qualified retirement plans are subject to Roth tax treatment.

### Required Minimum Distributions

Under the original SECURE Act, plan participants are required to begin taking required minimum distributions (“RMDs”) at age 72. Under the SECURE Act 2.0, the age at which participants must begin taking distributions is increased over a period of ten years. The age is increased to 73 for individuals who attain age 72 after December 31, 2022, and age 73 before January 1, 2033. The age at which participants must begin taking RMDs is further increased to 75 for individuals who attain age 74 after December 31, 2032. The increased age for RMDs is effective for tax years beginning after 2022.

The above information highlights the most significant changes to employer-sponsored retirement plans under the provisions of the SECURE Act 2.0. For more information relative to these changes, please contact your Tronconi Segarra & Associates tax advisor.

Learn more about the wide range of services we offer to help you achieve your goals:

SingleSource Accounting · Business Valuations  
Sales & Use Tax Services · Cross-Border Services  
Income Tax · Auditing · Internal Audit · Bookkeeping · Affordable  
Care Act Services · Employee Benefit Plan Audits · Estate & Trust  
Tax · Mergers & Acquisitions · Franchisee Services

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